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Performance of international joint ventures (IJVs) in developing countries: a study of IJVs in Bangladesh

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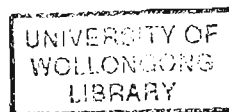
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**PERFORMANCE OF INTERNATIONAL JOINT
VENTURES (IJVs) IN DEVELOPING COUNTRIES:
*A STUDY OF IJVs IN BANGLADESH***

A thesis submitted in fulfilment of the
requirements for the award of the degree of
Doctor of Philosophy

from
University of Wollongong



BY
MD. YUNUS ALI, B.Com (Hons), M.Com (Raj.), MBA (Monash)

DEPARTMENT OF MANAGEMENT
1995

DECLARATION

I hereby declare that this thesis has never previously been submitted for any other degree and this is the result of my independent research.

MD. YUNUS ALI

ABSTRACT

This thesis seeks to broaden our understanding of the determinants of joint venture performance in the context of a developing country. After a comprehensive review of past studies is presented, highlighting the focus of contemporary research on international joint venture, a conceptual model is presented for studying the determinants of joint venture performance. A number of hypotheses which focuses on the relationships between joint venture performance measures and various organisational, strategic, managerial, industry-related, and country-related factors are developed. The impact of these factors on joint venture success and stability is then analysed using multivariate analysis. While measurement methods of past studies are adopted in several cases, new measures are developed for the measurement of a number of determinants (viz., resource complementarity and psychic distance).

The empirical analysis uses data collected from 59 international joint ventures involving local partners and Developed and Developing country multinational companies in Bangladesh. A descriptive analysis of the preliminary results of the study is followed by bivariate and multivariate analyses. In general, the results of the bivariate analysis tend to support the posited hypotheses for half of the variables of this study. Multivariate analysis reveals that joint venture experience of the parents, the extent of complementarity of contributed resources, the extent of cooperation between parent firms, and export orientation of the joint venture have significant positive impact on success. Mature technology tend to influence success better than the sophisticated technology. The degree of cooperation between parent firms tend to determine joint venture stability. Psychic distance between parents is also a likely predictor of joint venture stability but, the influence is relatively weak.

The exploratory analysis of the joint ventures of Developed and Developing country multinational companies reveals that these two groups of joint ventures are significantly different in terms of parents' firm size, multinational spread and joint venture experience, as well as the nature of technology they use, the market cater for, and the level of psychic distance between parents' country of origin. Despite these differences, these two groups of joint ventures did not perform differently. Implications of the research findings are discussed. Finally, the limitations of this study are considered and possible directions for further research outlined.

ACKNOWLEDGMENTS

I am greatly indebted to my supervisor, Associate Professor A B Sim for his onerous support, intellectual guidance and responsibilities provided throughout this study. I am also grateful to Professor Julian Lowe for his enthusiastic encouragement to explore this field of research and his role as a co-supervisor at the initial stage of this study.

I am thankful to many individuals for their ideas and comments on various aspects of this study. They include Dr Muayyad Jabri, Tony Naughton, Associate Professor Paul Patterson, Dr Muris Cicic, Dr William Rifkin, Dr Kuaku Atuahene-Gima, Professor Asgar A Talukder, Dr Rob Hall and Dr Ron Witton.

My thanks also goes to numerous colleagues for their extra-ordinary warmth of sharing and cooperative attitudes, including, Dr Abdullah H Ahmed, Dr Zein Frinces, Dr Osman Zein, Cheu Wong, Dr Sudhir C Lodh and Quazi M Ali.

This research would not have been possible without the generous assistance of the executives who consented to participate in this study, completed questionnaires and volunteered their precious time for personal interviews. I wish to express my deepest appreciation for their invaluable assistance. I am also grateful to officers and staffs of the Board of Investment, Bangladesh Export Processing Zone Authority and Bangladesh Consulate in Sydney for their invaluable assistance. My special appreciation goes to Mamdood H Alamgir, Director, Board of Investment for his support and assistance during the field studies in Bangladesh.

My special gratitude due to my late parents who implanted so much patience in me which I have capitalised during my hard days. I remember them with great respect. Finally, and most importantly, my utmost appreciation goes to my wife, Daisy. She has been a continual source of inspiration and motivation, and a constant companion of joys and sorrows of my long overseas life in Australia. This thesis is dedicated to her.

I am grateful to the University of Wollongong for the financial assistance and the University of Rajshahi, Bangladesh for a leave during the early stage of this study. I am also grateful to the Department of Management, University of Wollongong, especially to Professor Gill Palmer, for the assistance and support provided to complete this program.

While I am grateful for all the help I have received, responsibilities for errors and shortcomings of this thesis are mine.

Md Yunus Ali
Wollongong, Australia.

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